



ARKANSAS DEVELOPMENT FINANCE AUTHORITY

BEGINNING FARMER LOAN PROGRAM

SEQUENCE OF EVENTS

- ? ? Borrower seeking financing obtains an application form from his/her local lending institution or ADFA's office.
- ? ? The borrower and the lender or contract seller complete the application and negotiate terms of the loan.
- ? ? The application, background letter and application fee of \$50, paid by the borrower, are submitted to ADFA.
- ? ? ADFA will consider the application for approval shortly after its receipt. If approved, ADFA will issue a letter of intent to issue its bond. (Please note: This is not a final approval and does not bind ADFA to the issuance of the bond.)
- ? ? When the documentation of all terms of the bond issue are finalized, the borrower and the lender may request final approval from the ADFA Board. ADFA must conduct a public hearing on the loan (public notice of the public hearing must be given at least 14 days before the hearing is conducted.). The ADFA Board may then approve a final bond resolution. The public hearing and final bond resolution may occur at the same Board Meeting.
- ? ? After ADFA's adoption of the bond resolution, all parties may execute documents. After bond counsel views the documents the bond issue may be closed. ADFA will issue a tax-exempt bond, which is purchased by an investor (usually a lending institution, a contract seller or other investor), with terms identical to the loan terms. The proceeds of the bond issue will then be used to fund the loan to the borrower.

The following fees are to be paid by the Borrower at closing and may be (subject to federal tax law restrictions) included in the loan:

1. **ADFA Participation Fee** - $\frac{1}{2}$ of the 1% of principal amount of farm loan with \$250 minimum.
2. **ADFA Legal Fee**

PRINCIPAL	CLOSING FEE
Amount up to \$29,999	\$575
\$30,000 to \$99,999	\$1,350
Amounts over \$100,000	\$1,350 plus 0.7 of 1% of loan amount in excess of \$100,000

3. **Miscellaneous Costs** - Public hearing, advertising costs, allocation application fee, out-of-pocket expenses of legal counsel and, in the event of a special meeting, certain conference call costs.